

**PUBLIC DISCLOSURE**

**April 13, 2015**

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**SEAMEN'S BANK**

**Cert # 90268**

**221 COMMERCIAL STREET  
PROVINCETOWN, MA 02657**

**Division of Banks  
1000 Washington Street  
Boston, Massachusetts 02118**

**Federal Deposit Insurance Corporation  
350 Fifth Avenue, Suite 1200  
New York, New York 10118**

<p><b>NOTE:</b> This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Seamen’s Bank (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies, as of **April 13, 2015**. The agencies evaluate performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution’s branches. The Division and FDIC rate the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00 and in Appendix A to 12 CFR Part 345.

**INSTITUTION’S CRA RATING: This institution is rated “High Satisfactory” by the Division and “Satisfactory” by FDIC**

Please note the FDIC’s rating matrix does not provide for a “High Satisfactory” rating; however, the FDIC and the Division agree on the Bank’s overall performance levels.

An institution in this group has a good record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank’s performance under each of these two tests is summarized below:

**Lending Test: “High Satisfactory” by the Division and “Satisfactory” by FDIC**

- Seamen’s Bank’s net loan-to-deposit ratio (72.7 percent) is reasonable given the institution’s size, financial condition, and assessment area credit needs.
- A substantial majority (97.3 percent) of the Bank’s residential and small business loans are inside the Bank’s assessment area.
- The geographic distribution of the Bank’s loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

## **Community Development Test: “Satisfactory”**

The institution demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment areas.

## **SCOPE OF THE EXAMINATION**

Intermediate Small Bank (ISB) CRA procedures were utilized for the evaluation. These procedures utilize two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Bank’s lending and community development activities for the period of December 21, 2011, through April 13, 2015. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Bank is primarily a real estate secured lender. This is reflected in the Bank’s most recent Consolidated Report of Condition and Income (Call Report) as of December 31, 2014, which shows that 96.1 percent of the Bank’s loan portfolio is secured by real estate. For purposes of this evaluation, greater emphasis is placed on the Bank’s residential lending performance as it was the Bank’s primary lending focus throughout the evaluation period. Small farms loans and consumer loans were not analyzed as part of this evaluation as these loans also do not constitute a substantial portion of the Bank’s loan portfolio or recent lending activity.

The Lending Test focused on home mortgage and small business lending. Home mortgage lending data analyzed included full-year data from January 1, 2013 through December 31, 2014. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing of one- to four-family and multifamily properties (five or more units). The evaluation emphasized the Bank’s home mortgage lending performance in 2013 as this is the most recent year for which aggregate lending data is available. The Bank’s home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Bank’s designated assessment area. The Bank’s home mortgage lending performance was also compared with demographic data. Home mortgage lending data for 2014 is illustrated in the Bank’s lending data; however, the Bank’s 2013 performance is more heavily weighted for the purpose of assigning a rating.

Small business lending data was also analyzed. Small business loans for the purpose of this evaluation are defined as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. As an ISB, the Bank is not required to collect and report small business loan data. The Bank’s 2014 small business lending performance is focused on as this is the most recent full-year lending data available and is compared to pertinent 2014 demographic information. In 2014, the Bank originated 105 small business loans totaling \$19

million. Examiners sampled 34 small business loans to evaluate small business lending performance for this review.

The Community Development Test included an analysis of the Bank's qualified community development loans, investments, and services from December 21, 2011 through April 13, 2015. Qualified community development grants and donations for the same period were also included.

Demographic information is from the 2010 U.S. Census unless otherwise noted. Financial data was derived from the December 31, 2014 Report of Condition and Income (Call Report).

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Seamen's Bank is a mutual savings bank that was incorporated in 1851. The Bank's main office is located at 221 Commercial Street in Provincetown, Massachusetts. Additionally, the Bank operates four retail bank branches located in North Eastham, North Truro, Provincetown, and Wellfleet. Of the five branches, two are located in moderate-income census tracts, two are located in middle-income census tracts, and one is located in an upper-income census tract.

The Bank maintains a website at [www.seamensbank.com](http://www.seamensbank.com), which contains information about products, services, branch locations, and rate information for residential, business, and consumer loans. The Bank offers online banking for personal and business use. Online banking includes transfer funds from one account to another, pay bills, view activity on all of your deposit and loans accounts, see copies of your checks and receive e-mails.

The Bank provides personal banking products such as checking and savings accounts, CDs, IRAs, and money market accounts. Personal services also include ATM and debit cards, safe deposit boxes, wire transfers, and direct deposit. Home loan products include fixed and adjustable rate mortgages, construction loans, home improvement loans, land loans, home equity loans and lines-of credit. The Bank also offers first time homebuyer loans. Personal loans include auto loans, home improvement loans, green loans, and collateral loans.

The Bank offers a variety of business products and services including checking accounts, savings accounts, money market accounts, direct deposit, internet banking, safety deposit boxes, and more. Business loan products include real estate mortgages, construction loans, lines of credit revolving, term loans, seasonal time loans, and Small Business Administration (SBA) loans. The Bank originates SBA loans under the 7(a) and 504 programs. Additionally, the Bank offers small business lending opportunities under Massachusetts Small Business Capital Access Program, which is designed to help small businesses that are not bankable on their own, by guaranteeing the financing provided by the Bank.

As of December 31, 2014, the Bank had total assets of \$336 million, \$222 million of total loans, and \$295 million in deposits. Total loans represent 66.1 percent of total assets. The Bank is primarily a residential lender with 59.2 percent of the loans within the loan portfolio secured by residential real estate properties. This is followed by 32.3 percent of loans that are secured by commercial real estate.

Since the previous evaluation in 2011, the Bank's assets have increased from \$317 million to \$336 million, or a 6.0 percent increase in assets.

<b>Table 1</b>		
<b>Loan Distribution as of December 31, 2014</b>		
<b>Loan Type</b>	<b>Dollar Amount (\$000s)</b>	<b>Percent of Total Loans</b>
Construction & Land Development	6,416	2.9
Commercial Real Estate	71,583	32.3
Multifamily (5 or more)	3,727	1.7
1-4 Family Residential	131,447	59.2
<b>Total Real Estate Loans</b>	<b>213,173</b>	<b>96.1</b>
Commercial and Industrial	7,909	3.5
Loans to Individuals	808	0.4
Other	-	0.0
<b>Total Loans</b>	<b>221,890</b>	<b>100.0</b>

*Source: Q4 2014 Call Report*

The Bank's last performance evaluation was conducted by the FDIC and the Division as a joint examination on December 20, 2011. The examination resulted in a CRA rating of "Satisfactory" by the FDIC and "High Satisfactory" by the Division.

There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Additionally, based on the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remain strong.

### **Description of Assessment Area(s)**

The CRA requires that a financial institution define an assessment area or areas within which it will concentrate its lending efforts, and within which its record of helping to meet the needs of its community will be evaluated. The currently defined assessment area meets the technical requirements of the CRA since it (1) consists of one or more political subdivisions; (2) includes geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the Bank originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not reflect illegal discrimination; and (5) does not arbitrarily exclude low- and moderate-income areas.

The Bank's assessment area consists of the following six towns located in Barnstable County: Brewster, Eastham, Orleans, Provincetown, Truro and Wellfleet. All of these towns are located in the Barnstable Town Massachusetts Metropolitan Statistical Area (MSA) and is known as "lower Cape Cod".

To assess the Bank's lending performance for this evaluation, consideration is given to demographic data in the assessment area. Refer to Table 2 for pertinent demographic information about the assessment areas.

Table 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	9	0.0	22.2	66.7	11.1
Population by Geography	28,361	0.0	20.9	69.4	9.7
Owner-Occupied Housing by Geography	11,419	0.0	21.2	67.1	11.6
Distribution of Families by Income Level	8,045	17.1	20.8	20.3	41.8
Distribution of Households by Income Level	14,458	23.9	17.5	18.5	40.1
Business Geography	3,745	0.0	41.1	49.9	9.0
Median Family Income (MFI)		\$76,578	Median Housing Value Unemployment Rate		\$534,449 6.6%
HUD Adjusted MFI		\$74,900			
Families Below Poverty Level		3.6%			
Households Below Poverty Level		7.6%			

Source: 2010 U.S. Census Data, 2014 D&B Data, 2013 FFIEC-Updated MFI

### ***Economic and Demographic Data***

As the data in Table 2 shows, the Bank's assessment area consists of nine census tracts, of which there are no low-income census tract, two moderate-income census tracts, six middle-income census tracts, and one upper-income census tracts. The two moderate-income census tracts are located in Orleans and Provincetown.

The assessment area has a total population of 28,361 residing in 8,045 families. Of all family households in the area, 17.1 percent are low-income, 20.8 percent are moderate-income, 20.3 percent are middle-income, 41.8 percent are upper-income and 3.6 percent are families below the poverty level. Of the 14,458 households, 3,435 or 23.9 percent are low-income and 2,528 or 17.5 percent are moderate-income and 1,097 or 7.6 percent are households that are below the poverty level. This poverty rate typically indicates a reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these markets through residential loan products.

The assessment area consists of 30,602 total housing units, of which 11,419 or 37.3 percent are owner-occupied, 3,039 or 9.9 percent are rental units and 16,144 or 52.8 percent are vacant units. The large percent of vacant units is due to the fact that many properties are second homes for seasonal purposes. Of the 11,419 owner-occupied housing units, 2,425 or 21.2 percent are in moderate-income census tracts. The median housing value in 2010 for the assessment area was \$534,449, and the median age of the housing stock was 40 years. Figures from the Warren Group show the median sales price in 2014 ranging from a low of \$374,900 in Brewster to a high of \$832,500 in Provincetown. Affordable housing is a continual need, as local housing prices are inflated by the higher incomes of non-resident, second homeowners. Affordable rental units are also difficult to find, as rental stock is limited due to the premium placed on high-priced vacation rentals during the summer.

The 2014 Business Geo-demographic Data shows there are 3,745 businesses in the assessment area, of which 75.8 percent have gross annual revenues of \$1 million or less, 3.3 percent have gross annual revenues greater than \$1 million, and the remaining 20.9 percent have unknown revenues. Of total businesses in the assessment area, 41.1 percent are in moderate-income census tracts, 49.9 percent are in middle-income tracts, and 9.0 percent are in upper-income tracts. The highest proportion of these business establishments are engaged in the services industry (41.6 percent). Retail trade

(16.4), non-classifiable establishments (11.9 percent), and construction (10.7 percent) make up a significant share of the establishments. In terms of employees, approximately 67.0 percent of the area's businesses employ four or fewer people. Included among the largest employers in the assessment area are Ocean Edge Resort and Golf Club, Super Stop and Shop, Cape Associates, Inc., Cape Cod Sea Camps, Lobster Pot Restaurant and Lobster Shanty Restaurant.

According to the 2010 U.S. Census, the unemployment rate for the assessment area was 6.6 percent. More recent data obtained from the Executive Office of Labor and Workforce Development indicates that the unemployment rate was 5.0 percent for Massachusetts as of December 2014. The annual unemployment rate for the Barnstable MSA for 2014 was 7.0 percent which shows higher unemployment rates for the Bank's assessment area as compared to Massachusetts as a whole. As of December 2014, the unemployment statistics for the towns in the Bank's assessment area were: Provincetown at 22.1 percent; Truro at 13.5 percent; Wellfleet at 11.4 percent; Eastham at 8.1 percent; Brewster at 6.0 percent and Orleans at 5.6 percent. Provincetown is a well known resort community located at the tip of Cape Cod. The economy is based largely on tourist services, especially motels and restaurants, and is, therefore, limited and strongly seasonal. This is reflected in the high annual unemployment rates.

The Bank faces strong competition from other financial institutions that originated loans within the assessment area. These institutions range in size from small credit unions and mortgage companies with single office locations to the largest banks in New England. Among the more prominent lenders competing with the Bank is Cape Cod Five Cents Savings Bank. The 2013 aggregate lending data shows that 274 lenders originated 3,552 residential mortgage loans in the Bank's assessment area. Seamen's Bank ranked fourth with a 5.7 percent market share. Cape Cod Five Cents Savings Bank ranked first with 19.1 percent market share, Wells Fargo Bank and JP Morgan each had a 6.1 percent market share of home mortgage loans. The assessment area has no one primary credit need. The area's residents need a variety of retail loan products to meet personal needs and an array of home financing programs for the purchase, construction, improvement, or refinance of a residence.

### **Community Contact**

As part of the evaluation process, third parties active in the assessment area are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a local community organization that supports a range of programs from creating affordable homes, strengthening local businesses from traditional trades to new ventures and aims to protect the natural environment by preserving the character and sustaining the future of "lower Cape Cod." The contact stated their main focus is on affordable housing and economic development. Housing is driven by income, wages are below average and housing costs are above average, resulting in a significant gap. The contact stated rental housing is mostly seasonal and very expensive. The contact also stated a need for community leadership to resolve issues, (big battles over land use, resisting affordable housing developments, aging population, young people are leaving the Cape and low wages). The contact would like to see banks provide more leadership for affordable housing and could help look at regional solutions. Overall, the contact was very pleased with the responsiveness of the local community banks to the area's credit needs.



## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **LENDING TEST**

The lending test addresses Seamen's Bank's record of meeting the credit needs of its designated assessment area through consideration of the institution's home mortgage and small business lending. The institution's lending performance is evaluated pursuant to the following criteria: 1) the average net loan-to-deposit (LTD) ratio since the previous evaluation; 2) the concentration of lending within the assessment area; 3) the dispersion of loans to borrowers and small businesses in low-, moderate-, middle- and upper-income geographies in the assessment area; 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income levels and businesses of revenue sizes; and 5) the response to CRA complaints.

The Bank's overall performance with respect to the Lending Test is more than reasonable. The following sections discuss the analysis and conclusions regarding the Bank's performance under each criterion.

### **LOAN-TO-DEPOSIT ANALYSIS**

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The average net loan-to-deposit ratio serves as a measure of the institution's distribution of loans with respect to deposits. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits. The average loan-to-deposit ratio since the previous evaluation is reasonable given the institution's size, financial condition, and assessment area credit needs.

The Bank's net LTD ratio, as calculated from Call Report data, averaged 72.7 percent over the past 13 calendar quarters from December 31, 2011 to December 31, 2014. The ratio ranged from a low of 65.8 percent as of September 30, 2012, to a high of 79.5 percent as of June 30, 2014, having remained generally stable during the evaluation period. Over the past 13 calendar quarters, assets have increased 11.9%, deposits increased 11.3% and net loans increased 19.2%. Per Bank Management, people are taking their money out of the stock market and depositing it into local banks, they are not investing in long-term CDs, and they are waiting for the real estate market to come back before they start buying again.

Seamen's Bank maintained a similar ratio to those of comparable institutions, as shown in the following table. The institutions were selected based on their asset size and loan portfolio composition.

<b>Table 3</b>		
<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Institution</b>	<b>Total Assets \$(000s)</b>	<b>Average LTD Ratio (%)</b>
Randolph Savings Bank	362,663	64.1
Beverly Bank	347,926	94.3
<b>Seamen's Bank</b>	<b>335,875</b>	<b>72.7</b>
Haverhill Bank	334,314	89.1
The Cooperative Bank (Roslindale)	301,469	83.3

*Source: Call Report Data*

During the examination period the Bank sold 134 loans totaling \$34.8 million. All the loans were sold to the Federal National Mortgage Association (Fannie Mae). The Bank is a member of the Federal Home Loan Bank system and borrows funds to support additional loan commitments. This, in addition to the Bank's LTD ratio, demonstrates its willingness to reinvest in the community through its lending services.

#### **ASSESSMENT AREA CONCENTRATION**

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment area. The analysis includes both residential lending and small business lending.

Based on a review of home loan and small business data, a substantial majority (97.3 percent) of the Bank's lending activity occurs within the institution's assessment area. The distribution of loans by number is weighted more in this analysis, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans and is not skewed by large dollar amounts inside or outside the assessment area.

Table 4 illustrates the Bank's record of extending residential mortgage loans and small business loans inside and outside the assessment area by number and dollar amount over the period reviewed.

<b>Table 4</b>										
<b>Distribution of Loans Inside and Outside of Assessment Area</b>										
Loan Category of Type	Number Loans					Dollar Volume				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
<b>2013</b>										
Home Purchase	64	98.5	1	1.5	65	21,342	97.8	473	2.2	21,815
Refinance	54	96.4	2	3.6	56	16,733	97.9	361	2.1	17,094
Home Improvement	13	100.0	0	0.0	13	2,965	100.0	0	0.0	2,965
<b>Total</b>	<b>131</b>	<b>97.8</b>	<b>3</b>	<b>2.2</b>	<b>134</b>	<b>41,040</b>	<b>98.0</b>	<b>834</b>	<b>2.0</b>	<b>41,874</b>
<b>2014</b>										
Home Purchase	58	96.7	2	3.3	60	18,065	93.3	1,297	6.70	19,362
Refinance	17	100.0	0	0.0	17	4,191	100.0	0	0.0	4,191
Home Improvement	11	100.0	0	0.0	11	2,757	100.0	0	0.0	2,757
<b>Total</b>	<b>86</b>	<b>97.7</b>	<b>2</b>	<b>2.3</b>	<b>88</b>	<b>25,013</b>	<b>95.1</b>	<b>1,297</b>	<b>4.9</b>	<b>26,310</b>
<b>Total Home Loans</b>	<b>217</b>	<b>97.7</b>	<b>5</b>	<b>2.3</b>	<b>222</b>	<b>66,053</b>	<b>96.9</b>	<b>2,131</b>	<b>3.1</b>	<b>68,184</b>
<b>2014 Small Business</b>	<b>32</b>	<b>94.1</b>	<b>2</b>	<b>5.9</b>	<b>34</b>	<b>4,784</b>	<b>89.0</b>	<b>590</b>	<b>11.0</b>	<b>5,374</b>
<b>Grand Total</b>	<b>249</b>	<b>97.3</b>	<b>7</b>	<b>2.7</b>	<b>256</b>	<b>70,837</b>	<b>96.3</b>	<b>2,721</b>	<b>3.7</b>	<b>73,558</b>

*Source: 2013 and 2014 HMDA LARs and a sample of the Bank's 2014 Small Business Loans*

## GEOGRAPHIC DISTRIBUTION

The geographic distribution of loans was reviewed to determine how well the Bank is addressing the credit needs throughout the assessment area. This performance criteria focuses on the distribution of lending in the area's low- and moderate-income census tracts. Considering assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage and small business loans reflects an excellent penetration in the low- and moderate-income geographies.

### Home Loans

For residential lending the examination reviewed the number of loans in the census tracts and compared them to the aggregate data and the percent of total owner-occupied housing units with the emphasis on the low- and moderate-income census tracts. The geographic distribution of home mortgage loans reflects an excellent dispersion in the assessment area.

As mentioned previously, the Bank does not have any low low-income census tracts and only two moderate-income census tracts in the assessment area.

As shown in Table 5, in 2013, the Bank originated 41.2 percent of its HMDA reportable loans within moderate-income census tracts. This is significantly higher than both the aggregate lending (25.0 percent) and the owner-occupied housing percentage (21.2 percent) within the assessment area. Market share data for 2013 shows 704 loans were originated in the moderate-income census

tracts. Seamen's Bank ranked fourth with 54 loans and a market share of 7.7 percent. Cape Cod Five Cents Savings Bank ranked number one with 97 loans or a market share of 13.8 percent, followed by JP Morgan Bank with 71 loans or a market share of 10.1 percent, and Wells Fargo ranked third with 64 loans with a market share of 9.1 percent.

In 2014, the Bank was consistent with its strong lending performance as the Bank originated 40.7 percent of home loans in the moderate-income census tracts.

<b>Table 5</b>						
<b>Geographic Distribution - Home Mortgage Loans</b>						
<b>Census Tract Income Level</b>	<b>2013 Aggregate Lending</b>	<b>2013 Bank Lending</b>		<b>Owner-Occupied Housing Units</b>	<b>2014 Bank Lending</b>	
	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>
Moderate	25.0	54	41.2	21.2	35	40.7
Middle	65.2	61	46.6	67.2	35	40.7
Upper	9.8	16	12.2	11.6	16	18.6
<b>Total</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>

*Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs, and 2010 U.S. Census Data*

### **Business Lending**

The geographic distribution of small business loans reflects an excellent dispersion throughout the assessment area.

<b>Table 6</b>			
<b>Geographic Distribution - Small Business Loans</b>			
<b>Census Tract Income Level</b>	<b>2014 Businesses %</b>	<b>2014 Bank Data</b>	
		<b>#</b>	<b>%</b>
Moderate	41.1	18	56.3
Middle	49.9	8	25.0
Upper	9.0	6	18.7
<b>Total</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>

*Source: 2014 D&B Data and a sample of the Bank's 2014 Small Business Loans*

## **BORROWER PROFILE**

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment area based on borrower income and the Bank's small business loans inside the assessment area based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues (GAR) of \$1 million or less. Based on the review of the HMDA LARs and the CRA Small Business Loan Register, the Bank has achieved a reasonable penetration of loans among individuals of different income levels and businesses of different revenue sizes.

### ***Home Mortgage Loans***

As reflected in Table 7, the Bank's distribution of loans to low-income borrowers, at 6.1 percent, is higher than the aggregate of 4.2 percent. It is noted that lending to low-income borrowers was significantly lower than the percentage of low-income families (17.1 percent) in the area. In addition, home purchase prices in the area present an obstacle in achieving homeownership for many low-income families. Market share data supports the Bank's high performance under this criterion. In 2013, the Bank ranked fourth in lending to low-income borrowers at 6.8 percent. Cape Cod Five Cents Savings Bank ranked first with a market share of 27.1 percent, JP Morgan ranked second with a market share of 11.9 percent followed by Santander Bank at 7.6 percent. Cape Cod Five is a larger local bank and JP Morgan and Santander are significantly larger national banks.

In 2013, the Bank originated 13.0 percent of total loans to moderate-income borrowers, which was significantly higher than the aggregate of 8.1 percent but was below the percentage of moderate-income families at 20.8 percent. Seamen's Bank ranked third in originating loans to moderate-income borrowers with a market share of 7.5 percent. Cape Cod Five ranked number one with a market share rate of 32.2 percent followed by JP Morgan at 9.2 percent.

In 2014, the distribution of home loans among the borrower income categories was comparable to 2013, in that upper-income borrowers accounted for the majority of the home loans. The strong penetration in upper-income borrowers is not unexpected, considering that 41.8 percent of the area's families are upper-income. The Bank's performance decreased for low-income borrowers (3.5 percent) and increased for moderate-income borrowers (16.3 percent). Home prices are still considered high and largely out-of-reach for most low- and moderate-income borrowers.

<b>Table 7</b>						
<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Borrower Income Level</b>	<b>2013 Aggregate Lending</b>	<b>2013 Bank Lending</b>		<b>% of Total Families</b>  -----%-----	<b>2014 Bank Lending</b>	
	<b>%</b>	<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	4.2	8	6.1	17.1	3	3.5
<b>Moderate</b>	8.1	17	13.0	20.8	14	16.3
<b>Middle</b>	12.7	27	20.6	20.3	14	16.3
<b>Upper</b>	67.9	73	55.7	41.8	52	60.5
<b>N/A</b>	7.1	6	4.6	N/A	3	3.5
<b>Total</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>

*Source: 2013 Aggregate Data, 2013 and 2014 HMDA LARs, and 2010 U.S. Census Data*

Seamen's Bank makes positive efforts to address the credit needs of low- and moderate-income borrowers. The Bank works with local housing authorities to provide pre-approval applications to qualified low or moderate-income applicants so they can enter an affordable housing lottery. During the evaluation period, the Bank received 13 pre-approval requests of which 12 were approved and the Bank originated three loans.

### ***Small Business Loans***

The distribution of small business loans in the Bank's assessment area reflects a reasonable distribution of lending to business with GARs of \$1 million or less. The following table shows that 87.5 percent of loans were originated to businesses with gross annual revenues of \$1 million or less in 2013, exceeding aggregate lending (75.8 percent).

<b>Table 8</b>			
<b>Distribution of Small Business Loans by Gross Annual Revenues</b>			
<b>Gross Annual Revenues</b>	<b>2014</b>		
	<b>Total Businesses</b>	<b>Bank Lending</b>	
	<b>%</b>	<b>#</b>	<b>%</b>
<b>≤ \$1 Million</b>	75.8	28	87.5
<b>&gt; \$1 Million</b>	3.3	4	12.5
<b>Revenue Not Reported</b>	20.9	0	0.0
<b>Total</b>	<b>100.0</b>	<b>32</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data, Sample of the Bank's 2014 Small Business Loans*

The Bank offers loan programs through the Massachusetts Capital Access Program (Mass CAP) and SBA loans, including the SBA 504 and SBA 7A. These programs offer financing for qualified businesses that may not be eligible for traditional bank financing.

## **RESPONSE TO CRA COMPLAINTS**

The Bank has not received any CRA-related complaints during the evaluation period. As a result, this performance criterion is not applicable.

## **COMMUNITY DEVELOPMENT TEST**

Seamen's Bank demonstrated adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services. Examiners considered the institution's capacity and the need and availability of such opportunities.

### **Community Development Lending**

During the evaluation period, the Bank originated 55 community development loans totaling \$5 million, which represents 2.3 percent of total loans and 1.4 percent of total assets. This represents an increase since the previous examination, as the Bank originated \$1.2 million of community development loans representing 0.6 percent of total loans (\$187.5 million) or 0.4 percent of total assets (\$317 million).

The following table shows the community development loans:

<b>Table 9 Community Development Loans</b>										
Community Development Category	2012		2013		2014		YTD 2015		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income Individuals	0	-	0	-	0	-	0	-	0	-
Community Service Targeted to Low- and Moderate-Income Individuals	1	218,000	0	-	0	-	0	-	1	218,000
Promote Economic Development	14	883,559	22	2,466,550	12	1,356,135	6	139,400	54	4,795,644
Revitalize or Stabilize Low- and Moderate-Income Geographies	0	-	0	-	0	-	0	-	0	-
<b>Total</b>	<b>15</b>	<b>\$1,051,559</b>	<b>22</b>	<b>\$2,466,550</b>	<b>12</b>	<b>\$1,356,135</b>	<b>6</b>	<b>\$139,400</b>	<b>55</b>	<b>\$5,013,644</b>

Source: Bank Records

The following describes a sample of the Bank's community development loans:

- In 2012, the Bank originated a \$218,000 loan to a community service organization to purchase commercial real estate to expand their business. The organization focuses on educating and supporting low-income women with chronic diseases and life threatening illnesses. The organization helps women with direct services, educational information, and to consult clients.
- During the evaluation period, the Bank originated two loans to a start-up commercial fishing business that primarily fishes lobsters and scallops. In 2012, the Bank originated a \$50,000 loan for the purchase of additional Individual Fishing Quotas (IFQs). In 2013, the Bank originated an \$89,184 loan to purchase a new fishing vessel.
- During the evaluation period, the Bank originated five loans under the Small Business Association (SBA) 504 program totaling \$2.7 million. The SBA 504 program distributes the loan relationship between the bank and a Certified Development Corporation (CDC). The Bank minimizes their exposure in the event of default with an SBA 504 loan since the CDC's relationship acts as a second lien and whereas the lender has the first lien. The SBA 504 program is designed to provide financing for the purchase of fixed assets, which creates employment.
- During the evaluation period, the Bank originated 41 loans totaling \$1.5 million under the Capital Access Program. In 2012, the Bank originated 12 loans totaling \$483,375; in 2013, 13 loans totaling \$395,300; in 2014, ten loans totaling \$481,135; and in 2015, six

loans totaling \$139,400. The Massachusetts Business Development Corporation created the Capital Access Program in 1993 to partner with banks to make loans to community based, small businesses in order to help businesses retain and create jobs and expand their businesses. The funds are committed to provide cash collateral guarantees to banks that make loans to smaller businesses.

### **Community Development Investments**

A qualified investment for the purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose.

### **Qualified Investments**

Seamen's Bank provides scholarships to low- and moderate-income individuals. In 2012 through 2014, the Bank provided four scholarships at \$2,000 each. In 2015, the Bank provided three scholarships at \$2,500 each. The table below shows \$31,500 in scholarships was provided to low- and moderate-income individuals.

Table 10 Seamen's Bank Community Development Grants and Donations										
Community Development Category	2012		2013		2014		YTD 2015		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income Individuals	0	-	0	-	0	-	0	-	0	-
Community Service Targeted to Low- and Moderate-Income Individuals	4	8,000	4	8,000	4	8,000	3	7,500	15	31,500
Promote Economic Development	0	-	0	-	0	-	0	-	0	-
Revitalize or Stabilize Low- and Moderate-Income Geographies	0	-	0	-	0	-	0	-	0	-
Total	4	8,000	4	8,000	4	8,000	3	7,500	15	31,500

Source: Bank Records

The Bank also makes donations and grants through Seamen's Long Point Charitable Foundation, which is fully funded by Seamen's Bank. The following table illustrates the donations and grants provided by Seamen's Bank and Seamen's Long Point Charitable Foundation.



<b>Table 11</b> <b>Seamen's Long Point Charitable Foundation</b> <b>Community Development Grants and Donations</b>										
Community Development Category	2012		2013		2014		YTD 2015		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing for Low- and Moderate-Income Individuals	4	6,952	6	9,800	9	10,399	0	-	19	27,151
Community Service Targeted to Low- and Moderate-Income Individuals	15	19,050	18	27,250	25	32,630	8	6,510	66	85,440
Promote Economic Development	0	-	0	-	0	-	0	-	0	-
Revitalize or Stabilize Low- and Moderate-Income Geographies	0	-	0	-	0	-	0	-	0	-
<b>Total</b>	<b>19</b>	<b>26,002</b>	<b>24</b>	<b>37,050</b>	<b>34</b>	<b>43,029</b>	<b>8</b>	<b>6,510</b>	<b>85</b>	<b>112,591</b>

Source: Bank Records

The following is a sample of qualified donations provided by the Foundation during the evaluation period to organizations that provided affordable housing, community services, and economic development opportunities:

**Cape Abilities, Inc.:** Cape Abilities is a non-profit organization that provides community services to people with disabilities including job placement, training services, life skills training, transportation, etc. The organization provides these services to unemployable disabled residents.

**Community Development Partnership:** Community Development Partnership (CDP) is a non-profit organization that manages 70 affordable housing units in the lower Cape Cod area to low- and moderate-income residents.

**Homeless Prevention Council:** The Homeless Prevention Council is a non-profit organization that provides professional case management in order for families or individuals to keep their homes. They also provide food, clothing, transportation, and other necessities to these low- and moderate-income clients.

**Sustainable CAPE:** Sustainable CAPE is a non-profit organization that offers a program, Supplemental Nutrition Assistance Program (SNAP), for low- and moderate-income residents to obtain fresh food from local farmers markets at a discounted price.

### Community Development Services

A community development service is a service that has community development as its primary purpose and is related to the provision of financial services. Community development services do not include services that have been considered in the evaluation of the Bank's retail banking services.

During the evaluation period, officers and employees of the Bank were involved in local community development and non-profit organizations in various capacities. The Bank officers and employees provide the organizations with financial management expertise and technical services. The following table summarizes the organizations the Bank officers and employees served by community development category. Currently, eight Bank officers and employees serve community development organizations.

<b>Table 12</b> <b>Community Development Organizations</b>	
<b>Community Development Category</b>	<b>Number of Organizations</b>
Community Services Targeted to Low- and Moderate-Income Individuals	7
Affordable Housing for Low- and Moderate-Income Individuals	4
Promote Economic Development	2
Revitalize or Stabilize Low- or Moderate-Income Geographies	0
<b>Total</b>	<b>13</b>

*Source: Bank Records*

The following is a sample of organizations for which the Bank's personnel provided community development services.

**Dexter M. Keezer Fund:** The Dexter M. Keezer Fund was created in 1999 to assist the residents of Truro, MA in meeting crises in a timely manner via individual grants by providing food, clothing, heat, financial support, and other necessities. The majority of clients are low- to moderate-income individuals and families. The Vice President Mortgage and Consumer Lending is the Chairman; the Treasurer is a Trustee; and the Consumer Lending Manager is the Treasurer.

**Community Development Partnership:** The Community Development Partnership is a non-profit organization that has served the Lower Cape Cod area for over 20 years. The organization provides affordable housing rental units, housing rehabilitation, and educational first time homebuyer programs. The Vice President Administration and Marketing was a member of the Board of Directors and is now the President of the organization. The Vice President Commercial Lending is a member of the Loan Review Board.

**Truro Housing Authority:** The Truro Housing Authority provides affordable housing to low- and moderate-income individuals and families. The Vice President Mortgage and Consumer Lending is a publicly elected Board member.

**Cape Cod Fisherman's Alliance:** The Cape Cod Fisherman's Alliance is an organization founded in 1991 to manage commercial fishing quotas more effectively for local fisherman. The organization purchased millions of dollars in fishing quotas using federal grant money in 1991 in order to preserve the quotas for local fisherman in the Cape Cod area. These quotas are then distributed by the organization for lease at a discounted market rate of 50 percent to the local fishermen with a concentration towards start-up commercial fishing businesses. This provides sustainability and growth to local commercial fishing businesses that would otherwise bankrupt

many of these businesses. The Vice President of Commercial Lending is a Member of the Board of Directors.

### **Educational Services and Seminars**

The Bank did not participate in any educational services or seminars that targeted low- and moderate-income individuals during the evaluation period.

During the evaluation period, the Bank allowed non-profit organizations to conduct meetings at their branches free of charge. These non-profit organizations included Helping Our Women, Cape Cod Children's Place, and Outer Cape Health Services. These organizations primarily serve low- to moderate-income clients within the Bank's assessment area.

### **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified inconsistent with helping to meet community credit needs.

## **APPENDIX A**

### **Fair Lending Policies and Practices**

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

The Bank has a written Fair Lending Policy.

The Bank provides ongoing educational opportunities to employees, members of the Board and management on fair lending regulations.

The Bank employs a second review process.

The Bank makes exceptions to the loan policy.

### **MINORITY APPLICATION FLOW**

The Bank's HMDA LARs for 2013 and 2014 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 28,361 individuals of which 5.3 percent are minorities. The assessment areas minority and ethnic population is 1.2 percent Black/African American, 0.7 percent Asian, 0.2 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 1.9 percent Hispanic or Latino and 1.3 percent other.

For 2013, the Bank received 204 HMDA reportable loan applications from within its assessment area. Of these applications, 6 or 3.0 percent were received from minority applicants, of which 4 or 66.7 percent resulted in originations. The aggregate received 3,348 HMDA reportable loan applications of which 56 or 1.7 percent were received from minority applicants and 39 or 69.6 percent were originated. For the same time period, the Bank also received 4 or 2.0 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 1 or 25.0 percent were originated versus the aggregate that received 44 applications or 1.3 percent of which 28 or 63.6 percent were originated.

For 2014, the Bank received 131 HMDA reportable loan applications from within its assessment area. Of these applications, 5 or 3.8 percent were received from minority applicants, of which 3 or 60.0 percent resulted in originations. For the same time period, the Bank did not receive any applications from ethnic groups of Hispanic origin within its assessment area.

The Bank's level of lending was compared with that of the aggregate's lending performance level for the most recent year that data was available, the year 2013. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2013		2013 Aggregate Data	Bank 2014	
	#	%	%	#	%
American Indian/ Alaska Native	1	0.5	0.0	0	0.0
Asian	0	0.0	0.5	0	0.0
Black/ African American	1	0.5	0.2	2	1.5
Hawaiian/Pacific Islander	0	0.0	0.0	0	0.0
2 or more Minority	0	0.0	0.1	0	0.0
Joint Race (White/Minority)	4	2.0	0.9	3	2.3
<b>Total Minority</b>	<b>6</b>	<b>3.0</b>	<b>1.7</b>	<b>5</b>	<b>3.8</b>
White	163	79.9	79.3	91	69.5
Race Not Available	35	17.1	19.0	35	26.7
<b>Total</b>	<b>204</b>	<b>100.0</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	<b>2</b>	<b>1.0</b>	<b>0.6</b>	<b>0</b>	<b>0.0</b>
Not Hispanic or Latino	159	77.9	79.7	94	71.8
Joint (Hisp/Lat /Not Hisp/Lat)	<b>2</b>	<b>1.0</b>	<b>0.7</b>	<b>0</b>	<b>0.0</b>
Ethnicity Not Available	41	20.1	19.0	37	28.2
<b>Total</b>	<b>204</b>	<b>100.0</b>	<b>100.0</b>	<b>131</b>	<b>100.0</b>

Source: 2010 U.S. Census Data, 2013 and 2014 HMDA LARs and 2013 Aggregate Data

The Bank's performance exceeded the 2013 aggregate's performance level for both minority and ethnic applicants. The Bank received 3.0 percent for minorities while the aggregate was 1.7 percent. The Bank received 2.0 percent while the aggregate received 1.3 percent for ethnic minorities.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is good for the aggregate lending and the demographics of the assessment area.

## **APPENDIX B**

### **Glossary**

**Affordable Housing:** In general, housing for which the occupant pays no more than 30 percent of his income for gross housing costs, including utilities. Some jurisdictions may define affordable housing based on other, locally determined criteria; therefore, this definition serves solely as an approximate guideline or general rule of thumb.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank in accordance with the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries normally follow visible features, but may follow governmental unit boundaries and other non-visible features in some instances; they always nest within counties. Census tracts average about 4,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Combined Statistical Area (CSA):** Two or more adjacent CBSAs that have substantial employment interchange. The CBSAs that combine to create a CSA retain separate identities within the larger CSA.

**Community Development:** For loans, investments, and services to qualify for consideration as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved non-metropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties located in designated target areas.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community as well as to the financial and marketing needs of the bank. A CDC may purchase, own, rehabilitate, construct, manage and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC

activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements, which include: having a primary mission of promoting community development; serving an investment area or target population; providing development services; maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means; and not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that (1) has as its primary purpose community development; and (2) except in the case of a wholesale or limited purpose bank: (i) has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and (ii) benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Community Development Service:** A service that (1) has as its primary purpose community development; (2) is related to the provision of financial services; and (3) has not been considered in the evaluation of the bank's retail banking services under §345.24(d).

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Areas (CBSAs):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**D&B:** A provider of business information in the United States and worldwide.

**Distressed Middle-Income Non-metropolitan Geographies:** A non-metropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average; (2) a poverty rate of 20 percent or more; or, (3) a population loss of 10 percent or more between the

previous and most recent decennial census or a net migration loss of 5 percent or more over the five-year period preceding the most recent census.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Adjusted Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** Performance under the applicable tests is analyzed considering performance context, quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans for the purchase of manufactured homes and re-financings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many



households consist of only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** Performance under the applicable tests is analyzed using only quantitative factors (for example, geographic loan distribution, borrower profile loan distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended, which is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department, through the Internal Revenue Service, distributes low-income housing tax credits to housing credit agencies. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits or sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains in place throughout the compliance period, usually 30 years.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts; one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSAs associated with at least one urbanized area that has a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Non-metropolitan Area:** All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

**Other Products:** Includes any unreported optional loan category for which the institution collects and maintains data for consideration during a CRA evaluation. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures, which are sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances; as a result, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments, which often give them partial ownership of those businesses, in the hope of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans

have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Non-metropolitan Geographies:** A non-metropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

## **PERFORMANCE EVALUATION DISCLOSURE GUIDE**

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 221 Commercial Street, Provincetown, MA 02657".

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.